



Kenneth A. Simpler
State Treasurer

TEL: 302.672.6700
FAX: 302.739.2274

**MINUTES FROM MEETING OF
THE COLLEGE INVESTMENT COMMITTEE
OCTOBER 11, 2016**

A meeting of the College Investment Committee was held on October 11, 2016
At 10:00 AM in the Conference Room of the Office of the State Treasurer (OST)
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

Committee Members Represented or in Attendance:

Mr. José Echeverri, Chair, Plans Management Board
Mr. Stephen Saville, Chair, College Investment Committee
The Honorable Ken Simpler, State Treasurer (Telephonically)
Ms. Karen Field Rogers (on behalf of Secretary Godowsky, Department of Education) (Telephonically)
Ms. Valerie Watson, (on behalf of Secretary Thomas J. Cook, Department of Finance)
Mr. Don Shandler, Public Member at Large

Committee Members Not Represented or in Attendance:

None

Others in Attendance:

Ms. Ann Marie Johnson, Deputy Attorney General (Telephonically)
Ms. Nora Gonzalez, Deputy State Treasurer, Office of the State Treasurer
Mr. John Meyer, Director of Contributions and Plan Management, Office of the State Treasurer
Mr. Mike Green, Financial Investment Program Manager, Office of the State Treasurer
Mr. Dan Kimmel, Financial Investment Program Manager, Office of the State Treasurer
Mr. Omar Masood, Policy Advisor, Office of the State Treasurer
Ms. Martha Sturtevant, Office of the State Treasurer
Mr. Keith Bernhardt, Fidelity (Telephonically)
Mr. Peter Walsh, Fidelity (Telephonically)
Mr. Justin Rozzero, Fidelity (Telephonically)

CALLED TO ORDER

Mr. Saville called the meeting to order at 10:08 PM.

REPORT FROM DEPUTY ATTORNEY GENERAL

Ms. Johnson had no updates for the Committee.

REPORT FROM FIDELITY

Mr. Rozzero reviewed for the Committee the 529 Plan business results through the second quarter of 2016 (Q2). He indicated that although current contributions continue to be steady the 529 Plan will face great challenges in the upcoming years because of the amount of distributions being requested from college age accounts. He highlighted the importance of increasing participation to outperform the outflows rate. He also provided an

overview of the gifting tool option and said total contributions were up 46% through such option. Mr. Walsh presented the overview of the portfolios for Q2. He reported that there was appropriate return with balanced risk, with the Multi-firm and Index portfolios performing as expected.

The Committee entered into a discussion regarding the content and organization of the reports made available by Fidelity. Mr. Rozzero stated that Fidelity is open to adapting the reports to address the needs of the Committee and the Plans Management Board (Board). He suggested an initial conversation with Mr. Meyer and Mr. Green to review the reports' content and formatting. Mr. Meyer requested that Committee members forward their comments and feedback to facilitate the discussion with Fidelity.

Mr. Green inquired about the timing of quarterly reporting at Fidelity. Mr. Walsh stated quarterly data is usually available 15 working days after the closing of each quarter. Ms. Watson queried if the Committee wanted to structure the meetings around Fidelity's ability to produce timely reporting. Mr. Simpler suggested that the Committee provide Fidelity with direction on what data will assist in developing a strategic focus.

NEW BUSINESS

Ms. Gonzalez provided the members with a Budget vs. Actual report as of 8/30/2016 and a five year summary of income and expenses to facilitate the discussion. Additionally, she circulated the preliminary draft for the 2017 budget and stated that a further discussion would take place at the upcoming Board meeting. She recommended that the Committee and the Board review and approve the budget annually.

Mr. Saville said that he was amenable to the approval of an initial budget and suggested the preparation of a five year strategic plan. Ms. Watson added that the anticipated 2018 RFP process required the strategic plan to be created in advance.

Mr. Simpler said that OST developed a timeline using the maturity date of Fidelity's contract (12/31/18) as a reference to plan activities for the next two years. Mr. Meyer stated that in the first quarter of 2017 OST would study the 529 industry to develop a better understanding and prepare a white paper summarizing the marketplace and exposing how the Delaware Plan compares to others. The results would be presented and the Committee would determine if sufficient information is available or the engagement of a strategic consultant is needed.

OLD BUSINESS

Ms. Johnson requested the Committee enter into executive session to discuss the 2010 agreement with the Delaware Children's Museum (DCM).

EXECUTIVE SESSION

A MOTION was made by Mr. Saville and seconded by Mr. Simpler to move into Executive Session at 10:58 AM to discuss the 2010 agreement with DCM.

MOTION ADOPTED UNANIMOUSLY

CALLED TO ORDER

Mr. Saville called the public meeting back to order at 11:36 AM.

PUBLIC COMMENTS

No members of the public present for comment.

ADJOURNMENT

A MOTION was made by Mr. Saville and seconded by Mr. Shandler to adjourn the meeting at 12:17 PM.
MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Stephen Saville
Chair, College Investment Committee